

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4221-05  
Bill No.: Perfected HS for HCS for HB 1285  
Subject: Insurance - Automobile; Insurance - General; Merchandising Practices; Motor Vehicles  
Type: Original  
Date: April 21, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Road	Unknown less than \$50,000	Unknown less than \$50,000	Unknown less than \$50,000
Highway	Unknown less than \$50,000	Unknown less than \$50,000	Unknown less than \$50,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>Unknown less than \$100,000</b>	<b>Unknown less than \$100,000</b>	<b>Unknown less than \$100,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Insurance** and **Department of Revenue** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General (AGO)** state any potential costs arising from this proposal can be absorbed with existing resources, however, the proposal limits the penalties for violations of this subchapter of chapter 407 to \$50 per violation with a \$10,000 annual cap (current law allows \$1,000 per violation). This could result in substantial forgone recoveries to the Merchandising Practices Revolving Fund.

Officials from the **Missouri Department of Transportation (DOT)** state House Amendment #1 removes the requirement that the insured by state employees and the vehicles be state-owned. This would result in DOT being more efficient and operations may be less costly. The DOT assumes the proposal would have an unknown positive impact of less than \$100,000 annually.

House Amendment #2 would have no fiscal impact on the DOT.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>ROAD FUND</b>			
<u>Savings - Missouri Department of Transportation</u>			
Reduced operations costs	<u>Unknown less than \$50,000</u>	<u>Unknown less than \$50,000</u>	<u>Unknown less than \$50,000</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b><u>Unknown less than \$50,000</u></b>	<b><u>Unknown less than \$50,000</u></b>	<b><u>Unknown less than \$50,000</u></b>
<b>HIGHWAY FUND</b>			
<u>Savings - Missouri Department of Transportation</u>			
Reduced operations costs	<u>Unknown less than \$50,000</u>	<u>Unknown less than \$50,000</u>	<u>Unknown less than \$50,000</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>Unknown less than \$50,000</u></b>	<b><u>Unknown less than \$50,000</u></b>	<b><u>Unknown less than \$50,000</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2005 (10 Mo.)	 FY 2006	 FY 2007
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses could be expected as a result of this proposal.

DESCRIPTION

This proposal makes several changes in the laws regarding car rental contracts. The proposal:

- (1) Changes the definition of "authorized driver" as it applies to car rental contracts to exclude employers, parking valets, and family members other than a spouse;

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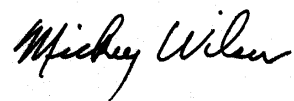
DESCRIPTION (continued)

- (2) Revises the written notice that must appear on every car rental contract regarding the purchase of optional insurance coverage;
- (3) Requires car rental companies to post a clear and conspicuous sign on the premises that informs the consumer about collision damage waiver, any other optional car rental insurance, and how the consumer's own auto insurance policy or credit card might already offer that protection;
- (4) Makes a car rental company subject to a \$50 fine for each violation, up to \$10,000 in any calendar year, and
- (5) Allows the state highways and transportation commission to provide liability insurance covering the operation of all motor vehicles and equipment used in the performance of official commission or department business by all authorized operators under the commission's self-insurance plan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General  
Department of Revenue  
Missouri Department of Transportation  
Department of Insurance



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L.R. No. 4221-05  
Bill No. Perfected HS for HCS for HB 1285  
Page 5 of 5  
April 21, 2004

Director  
April 21, 2004

HWC:LR:OD (12/02)